

AMENDED IN SENATE JUNE 16, 2014

AMENDED IN ASSEMBLY MAY 28, 2014

AMENDED IN ASSEMBLY APRIL 21, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2581

Introduced by Assembly Member Bradford

February 21, 2014

An act to amend Sections 25402, 25402.1, and 25942 of the Public Resources Code, *and to add Section 454.58 to the Public Utilities Code*, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2581, as amended, Bradford. Energy: appliance standards: public domain computer program: home energy ~~rating~~-*rating: energy efficiency program for appliances*.

(1) Existing law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, standards for minimum levels of operating efficiency, and authorizes the commission to prescribe other cost-effective measures, to promote the use of energy and water-efficient appliances whose use requires a significant amount of energy or water on a statewide basis.

This bill would instead authorize the commission to prescribe or adopt other cost-effective ~~measures, including voluntary agreements~~-*measures. The bill would authorize the commission to consider or recognize voluntary agreements in lieu of regulation described above and to take voluntary agreements into account in its planning*. The bill would authorize the commission to repeal a standard of minimum levels operating efficiency for an appliance if it finds that the standard is

duplicative or inconsistent with federal or state law. *The bill would require any labeling requirement prescribed by the commission to allow a manufacturer to use electronic labeling as appropriate.* The bill would require the commission to rely on the most current data possible and, whenever feasible, to rely on data no older than one year prior to the commencement of a rulemaking proceeding to consider adoption or amendment of a standard for an appliance.

(2) Existing law requires the commission to prescribe, by regulation, lighting, insulation climate control system, and other building design and construction standards that increase the efficiency in the use of energy and water for new residential and new nonresidential buildings. Existing law also requires the commission to prescribe, by regulation, energy and water conservation design standards for new residential and new nonresidential buildings. In order to implement these requirements, existing law requires the commission to develop a public domain computer program that enables contractors, builders, architects, engineers, and government officials to estimate energy consumed by residential and nonresidential buildings and requires the commission to establish a formal process for certification of compliance options for new products, materials, and calculation methods, as prescribed.

This bill would require the commission to approve and make publicly available, not less than 6 months prior to the effective date of adopted or updated efficiency standards, the public domain computer program. The bill would require the commission, before approving the public domain computer program, to perform preliminary tests of the public domain computer program using common examples of residential and nonresidential buildings and building systems to ensure the usability of the program by users of the program. The bill would require the commission to make the results of those preliminary tests publicly available.

(3) Existing law requires the commission to establish criteria for adopting a statewide home energy rating program for residential dwellings.

For existing single-family residential dwellings and multifamily residential dwellings with up to 4 units, the bill would require the commission, in administering the statewide home energy rating program, to ensure that energy assessment tools used by the commission are routinely adjusted to improve modeling accuracy and to ensure that consumers receive a notice with the output of the energy assessment

tools explaining the assumptions used in the energy assessment tools and how they may differ from actual usage patterns.

(4) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act requires the Public Utilities Commission to review and accept, modify, or reject a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation's proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

This bill would require the Public Utilities Commission, no later than January 1, 2016, to include in its energy efficiency portfolio program, a program to provide incentives to an electrical corporation that adopts an energy efficiency program to reduce electrical demand from indoor appliances. In order to receive incentives from the program, the bill would require the Public Utilities Commission to require an energy efficiency program for indoor appliances adopted by an electrical corporation to be established and maintained at a net to gross ratio of 0.8 for 36 consecutive months. After 36 months, the bill would authorize the Public Utilities Commission to evaluate the energy efficiency program and adjust the net to gross ratio on a prospective basis.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 25402 of the Public Resources Code is
2 amended to read:
3 25402. The commission shall, after one or more public
4 hearings, do all of the following, in order to reduce the wasteful,
5 uneconomic, inefficient, or unnecessary consumption of energy,
6 including the energy associated with the use of water:
7 (a) (1) Prescribe, by regulation, lighting, insulation climate
8 control system, and other building design and construction
9 standards that increase the efficiency in the use of energy and water
10 for new residential and new nonresidential buildings. The
11 commission shall periodically update the standards and adopt any

1 revision that, in its judgment, it deems necessary. Six months after
2 the commission certifies an energy conservation manual pursuant
3 to subdivision (c) of Section 25402.1, a city, county, city and
4 county, or state agency shall not issue a permit for a building unless
5 the building satisfies the standards prescribed by the commission
6 pursuant to this subdivision or subdivision (b) that are in effect on
7 the date an application for a building permit is filed. Water
8 efficiency standards adopted pursuant to this subdivision shall be
9 demonstrated by the commission to be necessary to save energy.

10 (2) Prior to adopting a water efficiency standard for residential
11 buildings, the Department of Housing and Community
12 Development and the commission shall issue a joint finding
13 whether the standard (A) is equivalent or superior in performance,
14 safety, and for the protection of life, health, and general welfare
15 to standards in Title 24 of the California Code of Regulations and
16 (B) does not unreasonably or unnecessarily impact the ability of
17 Californians to purchase or rent affordable housing, as determined
18 by taking account of the overall benefit derived from water
19 efficiency standards. This subdivision does not in any way reduce
20 the authority of the Department of Housing and Community
21 Development to adopt standards and regulations pursuant to Part
22 1.5 (commencing with Section 17910) of Division 13 of the Health
23 and Safety Code.

24 (3) Water efficiency standards and water conservation design
25 standards adopted pursuant to this subdivision and subdivision (b)
26 shall be consistent with the legislative findings of this division to
27 ensure and maintain a reliable supply of electrical energy and be
28 equivalent to or superior to the performance, safety, and protection
29 of life, health, and general welfare standards contained in Title 24
30 of the California Code of Regulations. The commission shall
31 consult with the members of the coordinating council as established
32 in Section 18926 of the Health and Safety Code in the development
33 of these standards.

34 (b) (1) Prescribe, by regulation, energy and water conservation
35 design standards for new residential and new nonresidential
36 buildings. The standards shall be performance standards and shall
37 be promulgated in terms of energy consumption per gross square
38 foot of floorspace, but may also include devices, systems, and
39 techniques required to conserve energy and water. The commission
40 shall periodically review the standards and adopt any revision that,

1 in its judgment, it deems necessary. A building that satisfies the
2 standards prescribed pursuant to this subdivision need not comply
3 with the standards prescribed pursuant to subdivision (a). Water
4 conservation design standards adopted pursuant to this subdivision
5 shall be demonstrated by the commission to be necessary to save
6 energy. Prior to adopting a water conservation design standard for
7 residential buildings, the Department of Housing and Community
8 Development and the commission shall issue a joint finding
9 whether the standard (A) is equivalent or superior in performance,
10 safety, and for the protection of life, health, and general welfare
11 to standards in the California Building Standards Code and (B)
12 does not unreasonably or unnecessarily impact the ability of
13 Californians to purchase or rent affordable housing, as determined
14 by taking account of the overall benefit derived from the water
15 conservation design standards. Nothing in this subdivision in any
16 way reduces the authority of the Department of Housing and
17 Community Development to adopt standards and regulations
18 pursuant to Part 1.5 (commencing with Section 17910) of Division
19 13 of the Health and Safety Code.

20 (2) In order to increase public participation and improve the
21 efficacy of the standards adopted pursuant to subdivisions (a) and
22 (b), the commission shall, prior to publication of the notice of
23 proposed action required by Section 18935 of the Health and Safety
24 Code, involve parties who would be subject to the proposed
25 regulations in public meetings regarding the proposed regulations.
26 All potential affected parties shall be provided advance notice of
27 these meetings and given an opportunity to provide written or oral
28 comments. During these public meetings, the commission shall
29 receive and take into consideration input from all parties
30 concerning the parties' design recommendations, cost
31 considerations, and other factors that would affect consumers and
32 California businesses of the proposed standard. The commission
33 shall take into consideration prior to the start of the notice of
34 proposed action any input provided during these public meetings.

35 (3) The standards adopted or revised pursuant to subdivisions
36 (a) and (b) shall be cost-effective when taken in their entirety and
37 when amortized over the economic life of the structure compared
38 with historic practice. When determining cost-effectiveness, the
39 commission shall consider the value of the water or energy saved,
40 impact on product efficacy for the consumer, and the life-cycle

1 cost of complying with the standard. The commission shall consider
2 other relevant factors, as required by Sections 18930 and 18935
3 of the Health and Safety Code, including, but not limited to, the
4 impact on housing costs, the total statewide costs and benefits of
5 the standard over its lifetime, economic impact on California
6 businesses, and alternative approaches and their associated costs.

7 (c) (1) (A) Prescribe, by regulation, standards for minimum
8 levels of operating efficiency, based on a reasonable use pattern,
9 and may prescribe or adopt other cost-effective measures, including
10 incentive programs, fleet averaging, energy and water consumption
11 labeling not preempted by federal labeling law, *and* consumer
12 education programs, ~~and voluntary agreements~~ to promote the use
13 of energy and water efficient appliances whose use, as determined
14 by the commission, requires a significant amount of energy or
15 water on a statewide basis. The minimum levels of operating
16 efficiency shall be based on feasible and attainable efficiencies or
17 feasible improved efficiencies that will reduce the energy or water
18 consumption growth rates. The standards shall become effective
19 no sooner than one year after the date of adoption or revision. A
20 new appliance manufactured on or after the effective date of the
21 standards shall not be sold or offered for sale in the state, unless
22 it is certified by the manufacturer thereof to be in compliance with
23 the standards. The standards shall be drawn so that they do not
24 result in any added total costs for consumers over the designed
25 life of the appliances concerned.

26 (B) In order to increase public participation and improve the
27 efficacy of the standards adopted pursuant to this subdivision, the
28 commission shall, prior to publication of the notice of proposed
29 action required by Section 18935 of the Health and Safety Code,
30 involve parties who would be subject to the proposed regulations
31 in public meetings regarding the proposed regulations. All potential
32 affected parties shall be provided advance notice of these meetings
33 and given an opportunity to provide written or oral comments.
34 During these public meetings, the commission shall receive and
35 take into consideration input from all parties concerning the parties'
36 design recommendations, cost considerations, and other factors
37 that would affect consumers and California businesses of the
38 proposed standard. The commission shall take into consideration
39 prior to the start of the notice of proposed action any input provided
40 during these public meetings.

1 (C) The standards adopted or revised pursuant to this subdivision
2 shall not result in any added total costs for consumers over the
3 designed life of the appliances concerned. When determining
4 cost-effectiveness, the commission shall consider the value of the
5 water or energy saved, impact on product efficacy for the
6 consumer, and the life-cycle cost to the consumer of complying
7 with the standard. The commission shall consider other relevant
8 factors, as required by Sections 11346.5 and 11357 of the
9 Government Code, including, but not limited to, the impact on
10 housing costs, the total statewide costs and benefits of the standard
11 over its lifetime, economic impact on California businesses, and
12 alternative approaches and their associated costs.

13 (D) *Any labeling requirement prescribed by the commission*
14 *pursuant to subparagraph (A) shall allow a manufacturer to use*
15 *electronic labeling as appropriate. The use of electronic labeling*
16 *does not alter requirements to submit data to the commission's*
17 *appliance efficiency database.*

18 (2) A new appliance, except for any plumbing fitting, regulated
19 under paragraph (1), that is manufactured on or after July 1, 1984,
20 shall not be sold, or offered for sale, in the state, unless the date
21 of the manufacture is permanently displayed in an accessible place
22 on that appliance.

23 (3) During the period of five years after the commission has
24 adopted a standard for a particular appliance under paragraph (1),
25 an increase or decrease in the minimum level of operating
26 efficiency required by the standard for that appliance shall not
27 become effective, unless the commission adopts other cost-effective
28 measures for that appliance.

29 (4) Neither the commission nor any other state agency shall
30 take any action to decrease any standard adopted under this
31 subdivision on or before June 30, 1985, prescribing minimum
32 levels of operating efficiency or other energy conservation
33 measures for any appliance, unless the commission finds by a
34 four-fifths vote that a decrease is of benefit to ratepayers, and that
35 there is significant evidence of changed circumstances. Before
36 January 1, 1986, the commission shall not take any action to
37 increase a standard prescribing minimum levels of operating
38 efficiency for any appliance or adopt a new standard under
39 paragraph (1). Before January 1, 1986, any appliance manufacturer
40 doing business in this state shall provide directly, or through an

1 appropriate trade or industry association, information, as specified
2 by the commission after consultation with manufacturers doing
3 business in the state and appropriate trade or industry associations
4 on sales of appliances so that the commission may study the effects
5 of regulations on those sales. These informational requirements
6 shall remain in effect until the information is received. The trade
7 or industry association may submit sales information in an
8 aggregated form in a manner that allows the commission to carry
9 out the purposes of the study. The commission shall treat any sales
10 information of an individual manufacturer as confidential and that
11 information shall not be a public record. The commission shall not
12 request any information that cannot be reasonably produced in the
13 exercise of due diligence by the manufacturer. At least one year
14 prior to the adoption or amendment of a standard for an appliance,
15 the commission shall notify the Legislature of its intent, and the
16 justification to adopt or amend a standard for the appliance. The
17 commission shall rely on the most current data available and,
18 whenever feasible, shall rely on data no older than one year prior
19 to the commencement of a rulemaking proceeding to consider
20 adoption or amendment of a standard for an appliance pursuant to
21 this subdivision. Notwithstanding paragraph (3) and this paragraph,
22 the commission may do any of the following:

23 (A) Increase the minimum level of operating efficiency in an
24 existing standard up to the level of the National Voluntary
25 Consensus Standards 90, adopted by the American Society of
26 Heating, Refrigeration, and Air Conditioning Engineers or, for
27 appliances not covered by that standard, up to the level established
28 in a similar nationwide consensus standard.

29 (B) Change the measure or rating of efficiency of any standard,
30 if the minimum level of operating efficiency remains substantially
31 the same.

32 (C) Adjust the minimum level of operating efficiency in an
33 existing standard in order to reflect changes in test procedures that
34 the standards require manufacturers to use in certifying compliance,
35 if the minimum level of operating efficiency remains substantially
36 the same.

37 (D) Readopt a standard preempted, enjoined, or otherwise found
38 legally defective by an administrative agency or a lower court, if
39 final legal action determines that the standard is valid and if the

1 standard that is readopted is not more stringent than the standard
2 that was found to be defective or preempted.

3 (E) Repeal a standard for a particular appliance adopted under
4 paragraph (1) if it finds that the standard is duplicative or
5 inconsistent with federal or state law.

6 (F) Adopt or amend any existing or new standard at any level
7 of operating efficiency, if the Governor has declared an energy
8 emergency as described in Section 8558 of the Government Code.

9 (5) Notwithstanding paragraph (4), the commission may adopt
10 standards pursuant to Commission Order No. 84-0111-1, on or
11 before June 30, 1985.

12 (6) (A) *The commission may consider or recognize voluntary*
13 *agreements in lieu of regulation pursuant to paragraph (1).*

14 (B) *The commission may take voluntary agreements into account*
15 *in its planning.*

16 (d) (1) Recommend minimum standards of efficiency for the
17 operation of a new facility at a particular site that are technically
18 and economically feasible. A site and related facility shall not be
19 certified pursuant to Chapter 6 (commencing with Section 25500),
20 unless the applicant certifies that standards recommended by the
21 commission have been considered, which certification shall include
22 a statement specifying the extent to which conformance with the
23 recommended standards will be achieved.

24 (2) Whenever this section and Chapter 11.5 (commencing with
25 Section 19878) of Part 3 of Division 13 of the Health and Safety
26 Code are in conflict, the commission shall be governed by that
27 chapter of the Health and Safety Code to the extent of the conflict.

28 (e) The commission shall do all of the following:

29 (1) Not later than January 1, 2004, amend any regulations in
30 effect on January 1, 2003, pertaining to the energy efficiency
31 standards for residential clothes washers to require that residential
32 clothes washers manufactured on or after January 1, 2007, be at
33 least as water efficient as commercial clothes washers.

34 (2) Not later than April 1, 2004, petition the federal Department
35 of Energy for an exemption from any relevant federal regulations
36 governing energy efficiency standards that are applicable to
37 residential clothes washers.

38 (3) Not later than January 1, 2005, report to the Legislature on
39 its progress with respect to the requirements of paragraphs (1) and
40 (2).

1 SEC. 2. Section 25402.1 of the Public Resources Code is
2 amended to read:

3 25402.1. In order to implement the requirements of subdivisions
4 (a) and (b) of Section 25402, all of the following shall apply:

5 (a) The commission shall develop a public domain computer
6 program that will enable contractors, builders, architects, engineers,
7 and government officials to estimate the energy consumed by
8 residential and nonresidential buildings. The commission may
9 charge a fee for the use of the program, which shall be based upon
10 the actual cost of the program, including any computer costs.

11 (b) The commission shall establish a formal process for
12 certification of compliance options for new products, materials,
13 and calculation methods that provides for adequate technical and
14 public review to ensure accurate, equitable, and timely evaluation
15 of certification applications. Proponents filing applications for new
16 products, materials, and calculation methods shall provide all
17 information needed to evaluate the application that is required by
18 the commission. The commission shall publish annually the results
19 of its certification decisions and instructions to users and local
20 building officials concerning requirements for showing compliance
21 with the building standards for new products, materials, or
22 calculation methods. The commission may charge and collect a
23 reasonable fee from applicants to cover the costs under this
24 subdivision. Any funds received by the commission for purposes
25 of this subdivision shall be deposited in the Energy Resources
26 Programs Account and, notwithstanding Section 13340 of the
27 Government Code, are continuously appropriated to the
28 commission for the purposes of this subdivision. Any
29 unencumbered portion of funds collected as a fee for an application
30 remaining in the Energy Resources Programs Account after
31 completion of the certification process for that application shall
32 be returned to the applicant within a reasonable period of time.

33 (c) The commission shall include a prescriptive method of
34 complying with the standards, including design aids such as a
35 manual, sample calculations, and model structural designs.

36 (d) The commission shall conduct a pilot project of field testing
37 of actual residential buildings to calibrate and identify potential
38 needed changes in the modeling assumptions to increase the
39 accuracy of the public domain computer program specified in
40 subdivision (a) and to evaluate the impacts of the standards,

1 including, but not limited to, the energy savings, cost-effectiveness,
2 and the effects on indoor air quality. The pilot project shall be
3 conducted pursuant to a contract entered into by the commission.
4 The commission shall consult with the participants designated
5 pursuant to Section 9202 of the Public Utilities Code, as that
6 section read on December 31, 2003, to seek funding and support
7 for field monitoring in each public utility service territory, with
8 the University of California to take advantage of its extensive
9 building monitoring expertise, and with the California Building
10 Industry Association to coordinate the involvement of builders
11 and developers throughout the state. The pilot project shall include
12 periodic public workshops to develop plans and review progress.
13 The commission shall prepare and submit a report to the Legislature
14 on progress and initial findings not later than December 31, 1988,
15 and a final report on the results of the pilot project on residential
16 buildings not later than June 30, 1990. The report shall include
17 recommendations regarding the need and feasibility of conducting
18 further monitoring of actual residential and nonresidential
19 buildings. The report shall also identify any revisions to the public
20 domain computer program and energy conservation standards if
21 the pilot project determines that revisions are appropriate.

22 (e) The commission shall certify, not later than 180 days after
23 approval of the standards by the State Building Standards
24 Commission, an energy conservation manual for use by designers,
25 builders, and contractors of residential and nonresidential buildings.
26 The manual shall be furnished upon request at a price sufficient
27 to cover the costs of production and shall be distributed at no cost
28 to all affected local agencies. The manual shall contain, but not be
29 limited to, the following:

30 (1) The standards for energy conservation established by the
31 commission.

32 (2) Forms, charts, tables, and other data to assist designers and
33 builders in meeting the standards.

34 (3) Design suggestions for meeting or exceeding the standards.

35 (4) Any other information which the commission finds will
36 assist persons in conforming to the standards.

37 (5) Instructions for use of the computer program for calculating
38 energy consumption in residential and nonresidential buildings.

39 (6) The prescriptive method for use as an alternative to the
40 computer program.

(f) The commission shall approve and make publicly available, not less than six months prior to the effective date of adopted or updated standards, the public domain computer program developed pursuant to subdivision (a). Before approving the public domain computer program, the commission shall do both of the following:

(1) Perform preliminary tests of the public domain computer program using common examples of residential and nonresidential buildings and building systems to ensure the usability of the public domain computer program by users of the program, including, but not limited to, architects, builders, contractors, and local code enforcement personnel.

(2) Make the results of the preliminary tests publicly available.

(g) The commission shall establish a continuing program of technical assistance to local building departments in the enforcement of subdivisions (a) and (b) of Section 25402 and this section. The program shall include the training of local officials in building technology and enforcement procedures related to energy conservation, and the development of complementary training programs conducted by local governments, educational institutions, and other public or private entities. The technical assistance program shall include the preparation and publication of forms and procedures for local building departments in performing the review of building plans and specifications. The commission shall provide, on a contract basis, a review of building plans and specifications submitted by a local building department, and shall adopt a schedule of fees sufficient to repay the cost of those services.

(h) Subdivisions (a) and (b) of Section 25402 and this section, and the rules and regulations of the commission adopted pursuant to those provisions, shall be enforced by the building department of every city, county, or city and county.

(1) A building permit for a residential or nonresidential building shall not be issued by a local building department, unless a review by the building department of the plans for the proposed residential or nonresidential building contains detailed energy system specifications and confirms that the building satisfies the minimum standards established pursuant to subdivision (a) or (b) of Section 25402 and this section applicable to the building.

1 (2) Where there is no local building department, the commission
2 shall enforce subdivisions (a) and (b) of Section 25402 and this
3 section.

4 (3) If a local building department fails to enforce subdivisions
5 (a) and (b) of Section 25402 and this section or any other provision
6 of this chapter or standard adopted pursuant thereto, the
7 commission may provide enforcement after furnishing 10 days'
8 written notice to the local building department.

9 (4) A city, county, or city and county may, by ordinance or
10 resolution, prescribe a schedule of fees sufficient to pay the costs
11 incurred in the enforcement of subdivisions (a) and (b) of Section
12 25402 and this section. The commission may establish a schedule
13 of fees sufficient to pay the costs incurred by that enforcement.

14 (5) The construction of a state building shall not commence
15 until the Department of General Services or the state agency that
16 otherwise has jurisdiction over the property reviews the plans for
17 the proposed building and certifies that the plans satisfy the
18 minimum standards established pursuant to Chapter 2.8
19 (commencing with Section 15814.30) of Part 10b of Division 3 of
20 Title 2 of the Government Code, subdivision (a) or (b) of Section
21 25402, and this section that are applicable to the building.

22 (i) Subdivisions (a) and (b) of Section 25402 and this section
23 shall apply only to new residential and nonresidential buildings
24 on which actual site preparation and construction have not
25 commenced prior to the effective date of rules and regulations
26 adopted pursuant to those sections that are applicable to those
27 buildings. Those sections shall not prohibit either of the following:

28 (1) The enforcement of state or local energy conservation or
29 energy insulation standards, adopted prior to the effective date of
30 rules and regulations adopted pursuant to subdivisions (a) and (b)
31 of Section 25402 and this section with regard to residential and
32 nonresidential buildings on which actual site preparation and
33 construction have commenced prior to that date.

34 (2) The enforcement of city or county energy conservation or
35 energy insulation standards, whenever adopted, with regard to
36 residential and nonresidential buildings on which actual site
37 preparation and construction have not commenced prior to the
38 effective date of rules and regulations adopted pursuant to
39 subdivisions (a) and (b) of Section 25402 and this section, if the
40 city or county files the basis of its determination that the standards

1 are cost effective with the commission and the commission finds
2 that the standards will require the diminution of energy
3 consumption levels permitted by the rules and regulations adopted
4 pursuant to those sections. If, after two or more years after the
5 filing with the commission of the determination that those standards
6 are cost effective, there has been a substantial change in the factual
7 circumstances affecting the determination, upon application by
8 any interested party, the city or county shall update and file a new
9 basis of its determination that the standards are cost effective. The
10 determination that the standards are cost effective shall be adopted
11 by the governing body of the city or county at a public meeting.
12 If, at the meeting on the matter, the governing body determines
13 that the standards are no longer cost effective, the standards shall,
14 as of that date, be unenforceable and no building permit or other
15 entitlement shall be denied based on the noncompliance with the
16 standards.

17 (j) The commission may exempt from the requirements of this
18 section and of any regulations adopted pursuant to this section any
19 proposed building for which compliance would be impossible
20 without substantial delays and increases in cost of construction, if
21 the commission finds that substantial funds have been expended
22 in good faith on planning, designing, architecture, or engineering
23 prior to the date of adoption of the regulations.

24 (k) If a dispute arises between an applicant for a building permit,
25 or the state pursuant to paragraph (5) of subdivision (h), and the
26 building department regarding interpretation of Section 25402 or
27 the regulations adopted pursuant thereto, either party may submit
28 the dispute to the commission for resolution. The commission's
29 determination of the matter shall be binding on the parties.

30 (l) Nothing in Section 25130, 25131, or 25402, or in this section
31 prevents enforcement of any regulation adopted pursuant to this
32 chapter, or Chapter 11.5 (commencing with Section 19878) of Part
33 3 of Division 13 of the Health and Safety Code as they existed
34 prior to September 16, 1977.

35 SEC. 3. Section 25942 of the Public Resources Code is
36 amended to read:

37 25942. (a) On or before July 1, 1995, the commission shall
38 establish criteria for adopting a statewide home energy rating
39 program for residential dwellings. The program criteria shall
40 include, but are not limited to, all of the following elements:

1 (1) Consistent, accurate, and uniform ratings based on a single
2 statewide rating scale.

3 (2) Reasonable estimates of potential utility bill savings, and
4 reliable recommendations on cost-effective measures to improve
5 energy efficiency.

6 (3) Training and certification procedures for home raters and
7 quality assurance procedures to promote accurate ratings and to
8 protect consumers.

9 (4) In coordination with home energy rating service organization
10 databases, procedures to establish a centralized, publicly accessible,
11 database that includes a uniform reporting system for information
12 on residential dwellings, excluding proprietary information, needed
13 to facilitate the program. There shall be no public access to
14 information in the database concerning specific dwellings without
15 the owner's or occupant's permission.

16 (5) Labeling procedures that will meet the needs of home buyers,
17 homeowners, renters, the real estate industry, and mortgage lenders
18 with an interest in home energy ratings.

19 (b) The commission shall adopt the program pursuant to
20 subdivision (a) in consultation with representatives of the
21 Department of Real Estate, the Department of Housing and
22 Community Development, the Public Utilities Commission,
23 investor-owned and municipal utilities, cities and counties, real
24 estate licensees, home builders, mortgage lenders, home appraisers
25 and inspectors, home energy rating organizations, contractors who
26 provide home energy services, consumer groups, and
27 environmental groups.

28 (c) On and after January 1, 1996, a home energy rating services
29 shall not be performed in this state unless the services have been
30 certified, if such a certification program is available, by the
31 commission to be in compliance with the program criteria specified
32 in subdivision (a) and, in addition, are in conformity with any other
33 applicable element of the program.

34 (d) On or before July 1, 1996, the commission shall consult with
35 the agencies and organizations described in subdivision (b), to
36 facilitate a public information program to inform homeowners,
37 rental property owners, renters, sellers, and others of the existence
38 of the statewide home energy rating program adopted by the
39 commission.

(e) The commission shall, as part of the biennial report prepared pursuant to Section 25302, report on the progress made to implement a statewide home energy rating program. The report shall include an evaluation of the energy savings attributable to the program, and a recommendation concerning which means and methods will be most efficient and cost-effective to induce home energy ratings for residential dwellings.

(f) For existing single-family residential dwellings and multifamily residential dwellings with up to four units, the commission shall do both of the following in administering the statewide home energy rating program:

(1) Ensure energy assessment tools used by the commission are routinely adjusted to improve modeling accuracy.

(2) Ensure that consumers receive a notice with the output of the energy assessment tools explaining the assumptions used in the energy assessment tools and how they may differ from actual usage patterns.

SEC. 4. Section 454.58 is added to the Public Utilities Code, to read:

454.58. (a) No later than January 1, 2016, the commission shall, in a new or existing proceeding, include a program in its energy efficiency portfolio program to provide incentives to an electrical corporation that adopts an energy efficiency program to reduce electrical demand from indoor appliances.

(b) The program established by the commission pursuant to subdivision (a) shall address challenges and minimize programmatic barriers that may limit or inhibit the achievement of energy efficiency goals determined by the commission. The energy efficiency goals shall include, but not be limited to, all of the following:

(1) Evaluation and attribution of energy savings.

(2) Long-lasting, sustainable increases in the adoption of energy efficiency technologies through structural changes in the market and in behaviors of market actors for indoor appliances that receive electricity through power outlets, such as 110 voltage alternating current (VAC), and other emerging delivery mechanisms, including universal serial bus (USB), Power over Ethernet (PoE), and 24 volt direct current (VDC).

(c) In order to receive incentives from the program, the commission shall require an energy efficiency program adopted

1 *by an electrical corporation pursuant to subdivision (a) to be*
2 *established and maintained at a net to gross ratio of 0.8 for a*
3 *minimum of 36 consecutive months. After 36 months, the*
4 *commission may evaluate the energy efficiency program and adjust*
5 *the net to gross ratio on a prospective basis.*

6 *(d) The commission shall update cost-effectiveness tools to*
7 *account for long-term benefits and costs that accrue as a result of*
8 *the establishment of programs pursuant to subdivision (a).*

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